

***United States Court of Appeals
for the Second Circuit***



APPENDIX

EXHIBIT
U. S. DIST. COURT
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Ladies and gentlemen, may I have your attention please? Thank you.

Good evening. My name is Lou Koniecki. I am your host here this evening on behalf of the American Realty and Petroleum Corporation, developers of Rio Rancho Estates in sunny Albuquerque. I should like to welcome you here to the Casa Bella in Brooklyn. I am delighted that I remembered that it is the Casa Bella in Brooklyn, and the reason I say that is last night I was over on Staten Island and I said to the group, "welcome to the Holiday Inn in Newburgh. Yes, my people who work with me won't let me forget it. But, of course, I am only human. I do this every night of the week in a different restaurant. So, at times, I can err, I can forget. With but one exception - yes, there is one place I never forget, I always remember, Manhattan. And the reason I always know and always remember I'm in Manhattan is simple...when I get up in the morning, in my hotel room, lift that window up and I hear the birds coughing - I know I'm in Manhattan. You're a good group. Nice to see you all. We have a very fine special program for you. First off, of course, we are going to have dinner. After which we're going to tell you the fascinating growth story of the golden Southwest in general and Albuquerque, New Mexico specifically. Where Rio Rancho Estates is located. Now since this program has to do with the great golden Southwest, I would like to ask you all a question, if I may, and answer by a show of hands, if you would, please. How many in the room have ever visited the Southwest? Would you raise your hands please? All right, question number two, how many of you would take a trip to Rio Rancho Estates, at Albuquerque, if I told you I'd pay the way? Let's see a show of hands. One hand to a

that's what I asked that question.

it was my people that had two hands up. It seems that everybody else is beginning to get in the act. I don't blame my people, you know, because they've been there, they know what this is all about. In all seriousness, everyone in this room can qualify for a trip, and indeed we will pay your way. A little later on in the program I will explain how everyone can qualify. Now without further ado, I think we are ready with the main course, I'd like to wish you all a very hearty appetite. I will be back with you a little bit later. Thank you very kindly.

Ladies and gentlemen, may I have your attention once again please? May I have your attention again please? Now those of you who haven't finished your coffee, take your time, there's no hurry. Those of you who have, I would suggest that you adjust your chairs facing the screen because the entire program will take place here. Tell me, now that you have all eaten, do you feel better? You know, you even look better! The program we have for you has to do with the great golden Southwest, the fastest growing region in the country today. Literally, the last frontier, Albuquerque, New Mexico. The fastest growing city in the fastest growing region in the country today. And to give you an idea of what kind of growth we are talking about - look at your own Brooklyn, ten or fifteen years ago, look at Nassau County, fifteen years ago and look at Staten Island, before the bridge. I know you will understand what we are talking about as you see it unfold for you here. What's so special about Albuquerque? In one word - "climate"...this is the land where climate is king. Where the sun shines 360 days out of every year. And when do you feel best of all? When the sun shines, right? The land where climate

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is king. The two extremes in temperature that we have, possibly two days in the Wintertime it may hit 30 degrees. The other extreme, in the Summertime, it may possibly hit 100. But both extremes, with low humidity, you wear a light jacket. We know we have all heard it is not the heat, it's the humidity. It's true! The land where climate is king.

You know, just as the automobile made Detroit, Michigan what it is today, the airplane made the West Coast what it is today, electronics is making Albuquerque what it is and what it will be..."The electronics center of the world." Today there are over 80 firms engaged in electronics manufacturing in Albuquerque. You know, everytime you turn that little button on your television set and you view a program coming from another part of the world by way of that satellite up there, "Telstar", think of Albuquerque, because this is where "Telstar" was born.

You know, I don't know what your particular reason is for coming tonight, but obviously you are interested in Albuquerque otherwise we wouldn't be assembled here. If you are looking for a place in the sun for those golden retirement years, you will see it here. Should you be looking for a vacation area, you are about to see the most natural scenic beauty found anywhere in the world....bar none. Should you be looking for a new and better way of life, a place to relocate, you are about to see it. I am talking about a new and better way of life. You know, I would not be a bit surprised if a majority of the people sitting in this room this evening get up every morning, drag themselves out of bed and go to a job that they utterly detest. Monday comes too soon and

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Friday can't come soon enough. Right? This is what we are talking about. A new and better way of life. I simply say to you - can you dream? I sincerely hope you can because a dream won't come true unless you have one. Beyond all of this, a place to retire, a place for a vacation, a place to relocate. When we talk about relocation, the immediate question is what about jobs? Albuquerque enjoys a 96½% employment rate, even in 1958 when there was a recession in the country, Albuquerque was enjoying an income of \$2,000 per family larger than the national average. As I say though, beyond all of this, a place to retire, eventually or now, a place to relocate, a place for a vacation. The program you are about to see is a program of opportunity. Opportunity is something that you know about only when it is brought to your attention. You know, they say opportunity comes but once, I don't believe it. Opportunity comes to us many times, the only thing is do we recognize it? Do we hear it knocking? Do we believe it? Do we comprehend it? Or do we listen to someone else? Opportunity! The opportunity we are talking about here is this - just as American Realty and Petroleum has pioneered in building a perfectly planned community, we have also pioneered in helping people like you and people like me to invest in these communities in a growth area through what we call a land savings program using the principle of leverage. Please remember those words, because they are most important. You know mechanical leverage is something we all know about. Used since the beginning of mankind. Where you take a stick or a bar and you move a heavy object with it. Financial leverage, is a case in point, where with only pennies a day you can control 1,000's of dollars worth of investment! Once again, not a new concept, but used by wealthy people,

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commercial banks and insurance companies, for many years. And the way it works is that they send highly skilled people out throughout the country to take and assemble land near a city for development five, ten, fifteen or even twenty years hence, they put a small amount of money down on it, make up the payment annually or semi-annually, but in the interim the moment they make that first payment they have control of millions of dollars worth of property, this is the very concept that we bring to people like you and like myself. Where people of average means can participate. I said we are pioneers in building a perfectly planned community. The president of this company is the gentlemen who many years ago bought the land on which Levittown, Long Island sets today. When he bought it his wife wanted to have him committed, because she said, "Who in God's name is going to live out there? You have to be out of your mind." Lo and behold he bought it and he sat back and then came the Levitt brothers. He sold it to them and made a tremendous profit on it. He is sorry he did. He should have held on to it. He would have made five or ten times more. But he did never-the-less. We also have a development in Florida, that I am sure most of you never heard of--Rainbow Lakes Estates, near Ocala and Donnellon, Florida. Sold through the mail and then by word of mouth. This is part of our background. This is the company we actually are. The program you are about to see is two short films. The first one you will see is a documentary made by the city planners of Albuquerque. Shown to Albuquerqueans on television down at Albuquerque, advising them as to what they could expect in the way of growth and development,

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this is why I say opportunity - should you have seen a program like this on Nassau County, on Staten Island, on Canarsie before it all happened and you believed it and you did something about it, you'd be well off today. This is the type of opportunity we are talking about. The first three or four sentences of the first film are most important because they talk about Albuquerque being surrounded on three sides by either mountains, canyon lands or federal properties. There is only one direction in which the city can grow. Through the Northwest mesa where Rio Rancho Estates is located. The city planners of Albuquerque give an awful lot of attention to Rio Rancho Estates because this is where the city must grow to, grow into, grow out of. Then you are going to hear them talk about bridges. Up until three years ago, there were two bridges across the Rio Grande River into the Western part of Albuquerque. In the last three years, two more bridges have been built. Next month a fifth bridge is to be opened. Five bridges across the Rio Grande River into the Western part of Albuquerque. And then you are going to hear them say there will be a total of eleven bridges across the Rio Grande River into the Western part of Albuquerque. Bridges, to me, only mean one thing - growth and development. Where bridges and traffic go - real estate values go up. Ladies and gentlemen, we are about to go into the program. Sit back, relax and I only ask you to do one thing for yourselves - view this with an opened mind. May I have the house lights please, and the projector if you will.

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Isn't that beautiful, ladies and gentlemen? Oh, come on now it's better than that. Should you be looking for a place in the sun to retire to- I think you will have to agree you have seen it. And talking about retirement -- retirement is not a gift, you have got to plan for it. And unfortunately too few people plan for it. As well intentioned as we all may be, we just don't do it. We put it off until tomorrow not fully realizing tomorrow is now. Because unless you do it now you will never do it. I read an article the other day that rocked me back on my heels. The average workingman during the course of his lifetime will have earned $\frac{1}{4}$ of a million dollars. An awful lot of money. Yet not one in 10,000 will have \$3,000 in cash on the day of retirement. A place in the sun to retire is here. A plan for your retirement you are about to see. A place for a vacation. As Ernie Pyle, the late writer, said "This is God's country." Ernie Pyle was the best "Chamber of Commerce" Albuquerque ever had. He was born and brought up down there. God's country -- the place to relocate is here. But more than that is opportunity. Investment in a growing area. This is my forte. This is where we go into the investment aspect of it. Land is something you don't wait to buy, you buy and then you wait for it to make money for you. Depending upon how close to a major city it is will determine how much money and how quickly it will be made for you. Rio Rancho Estates is on $4\frac{1}{2}$ miles from the city limits of Albuquerque in the only direction in which Albuquerque can grow. This is why you hear Governor Campbell and Howard K. Smith, standing on our property, saying in this setting that we see here now, in a place where doubtless a new city is coming, Rio Rancho Estates. Here you see three basic forms of investment. Bank savings, stocks and bonds and, of course,

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real estate. Actually I think this should be taken out of the slide -- bank savings. It's no longer an investment, it is an absolute necessity. You must have money in the bank, you should have money in the bank for the emergencies that are apt to come up. But if you have more than a six month supply of money in a savings account the excess is being wasted. It should be put to work, it should be invested because, 1) you are not about to get wealthy at 4, 4½ or even 4½ percent that we are reaching for now. Ladies and gentlemen, I wonder if anyone in the audience would venture a guess as to how long it takes for a sum of money to double in a savings bank? This is undisturbed savings - allowing all interest to accrue. Anyone have any idea? It takes 18½ to 20 years for a sum of money in a savings bank to double. Meaning that 20 years ago should you have put on deposit with a local savings bank the sum of \$500, allowed all interest to accrue, you would open up a pass book tonight and lo and behold, you would have \$1,000. You have done well; it has doubled. A safe place in which to keep your money. But that bugaboo inflation is with us. The buying power of the dollar has been eaten away. \$1,000 of 20 years ago is not \$1,000 today. I think the ladies in the audience will attest to this. You are the ones that buy the necessities of life. You see the buying power being eaten away daily. Inflation is here. It can only buy \$470 today. \$1,000 of 20 years ago has shrunk to \$470 today. And the leading economists in this country will tell you this downward spiral is apt to continue. We are apt to see a 25¢ dollar in the not too distant future. But please take heart because there is a plan. Or you could have put your money in the stock market. Now this is a highly specialized field and unless you know what you are doing, you can get

urt, because just as the market goes up it sometimes goes down. The element of risk is there. You know God forbid that President Johnson announced that he was going to have an operation before the stock market closed, because what happened when President Eisenhower had a heart attack? Eleven billion dollars went down the drain. And the unfortunate part of it is that it is the little guy that gets clobbered. The big fella can sit back and wait. Invariably the market will recover. The element of risk is there. Comparatively speaking, \$1,000 invested in homesite land in Albuquerque 20 years ago, will bring you today 20 to 30 thousand dollars. It is not a figment of my imagination, not my companies figures. As a matter of fact everything you see and hear tonight is authenticated. It has been submitted to the various real estate commissions throughout the country, including your own up in Albany. Furthermore, two real estate commissioners from the state of New York up in Albany, have visited this property at our expense. Then and only then can we assemble here and show you what you are seeing now. \$1,000 20 years ago to 20-30 thousand dollars today. Because what has happened, Albuquerque has appreciated, the property has appreciated an average of 25% a year for the last 25 years. And is now literally about to take off. Because "Real estate is the basis of all wealth". As Theodore Roosevelt said. No truer words spoken. More money has been made in real estate since the inception of this republic, the beginning of this country, then in all other industries combined. The basis of all wealth. It is permanent, it's indestructible, and you always have a marketable product. The best hedge against inflation that there is. Those of you sitting in this room this evening that own your own home will attest to this. If you own your own

home two years, five years, ten years or more, now you certainly wouldn't sell it for the same price that you paid for it. It is worth more money. But it is not that building that is worth the money, that's depreciated, it is the land underneath. The basis of all wealth. Because of growth and development. Back in 1930 Albuquerque had a population of 40,000, by 1960 - 274,000 people. Once again not a figment of my imagination. Federal census bureau figures. Projection for 1970 - 550,000 people. And by 1980 - 1,200,000 people - a city four times the size it is today. That means for every house and lot that is presently there, three more will be needed. For every school, church, park, factory, hotel, motel and other service industries, three more will be needed and they'll all need land on which to put these facilities. Herein lies the opportunity that we are talking about. Remember what I said about a program like this - Staten Island, out in Nassau County or even in Canarsie? There is one big major difference though - Albuquerque has the industry that Nassau County didn't get, that Staten Island didn't get, this is the major difference. A city four times the size it is today. Opportunity knocking for you. Hemmed in on three sides, only one direction the city can grow. Right through Rio Rancho Estates. Here you see current market prices of an acre of land, a single acre of land, at Albuquerque today. Anywhere from three to five to eight on up to eleven to twelve thousand dollars an acre or more right next door to Rio Rancho Estates. The city has pushed out as far as Paradise Hills. You saw it in both films. Here is an area...a community that, five years ago you could have purchased an acre of land for \$600. The city has pushed out, its developed, what acreage is left is \$12,000 an acre or more.

So that we all understand what an acre of land is -- it is 43,560 square feet, approximately 22 city lots. Or on the national average a piece of property on which a home is built is 50 x 100 there are nearly nine 50 x 100 pieces of property in an acre of land. In Albuquerque today they are getting up to \$12,000 an acre or more. Yet, at Rio Rancho Estates, only \$1,895 an acre. Why? Very simply. The city is now ready to come into Rio Rancho Estates. The price is right, groundfloor situation is here and now. Opportunity knocking for you. I sincerely hope you hear it. Ladies and gentlemen, this is former ranch land, former cattle grazing land. This was in the planning stages for three solid years, in anticipation of what was to take place at Albuquerque. Now we are ready for Albuquerque, Albuquerque is ready to fall right into Rio Rancho Estates. Here is the way it is all done. A land savings program using the principle of leverage. This looks like a savings book, a bank savings book, and is so designed. A forced savings plan, money that you are going to put into a program to appreciate for yourself. Money that you ordinarily would not have saved anyway. We get this program from another very famous presidential quotation, in this instance the late Grover Cleveland. "No investment on earth is so safe, so sure, so certain to enrich its owners as undeveloped realty. I always advise my friends to place their savings in realty near some growing city. There is no such savings bank anywhere." Grover Cleveland talked about undeveloped realty...at Rio Rancho Estates it is not undeveloped realty--it is pre-developed realty. Meaning that we guarantee you streets and roads, a city water system, gas and electric, telephone, all of the necessities for a new and better way of life as they are there today in the first

There are only 100 families living there now, with another 125 homes under construction, but we have a city water system there today to accomodate 5,000 families in anticipation of the growth and development. Then Grover Cleveland talked about investment in realty near some growing city...Albuquerque - the fastest growing city in the fastest growing region of the country today. And then he said, "there is no such savings bank anywhere." Well in his day this was true, there was none. There is one today. Using the principle of leverage. \$25 monthly immediately controls an acre of land selling today for \$17,895. Now with property worth \$1,895, appreciate 25% in the year, it gains \$475 in value. Yet all you put into this planned savings account in one year is \$300. Your \$300 gains \$475 or a full 150%, that's leverage. The only comparison that I could make, - perhaps to clarify it for you - would be the following: - should you walk into a savings bank and you say to the banker, "I should like to start a program with you and I should like to set aside \$25 a month, but I want you to give me interest on \$1,895 immediately." He would laugh you right out of the door. But this is precisely what we are talking about here. Leverage is what we are talking about.

Ladies and gentlemen, at this point we say to you if the program makes sense then you owe it to yourself to do something about it. And there is only one thing that you can do, here this evening, and that is take the first step and the first step is this - reserve a piece of property in your name. Freeze the piece now. With the understanding that you have six full months. Think about it, talk about it, discuss it with whom ever you wish and then come on down and see for yourself. Not to see that Rio Rancho is at Albuquerque or Albuquerque is in New Mexico, but come and see

for yourself whether this is a program for you tailored specifically to your needs. If you feel that this is not for you for whatever reason - ask for, and get all your money back. No questions asked, no penalty involved. By the same token if you reserve a piece of property and you go down and take a look and find it isn't quite what you had in mind, and you would like to change it...you may. Your contract has a five year exchange privilege...you have five years to exchange your property as many times as you want, until you got what you want. But in the interim period all of the appreciation is yours. Meaning that a piece of property selling today for \$1,895 and say two years from now you go down and take a look, it is now selling for \$5,000, exchange for a piece of property worth \$5,000. This is where the appreciation is yours. Why should you do it now? Let me ask you, how long have you been thinking about a program for yourselves for your future? If you don't do it now you won't do it two days from now, two weeks from now or twenty years from now. As I say as well intentioned as we all are tomorrow is NOW. You know the best friend you will ever have is you and until you do something for yourself, no one else will. Ladies and gentlemen, there is a given day of the month where you will sit down and you make out all the checks for all the obligations you have. The first check should be for you in this program. And then take care of the other obligations. Because your first obligation is to yourself. You know earlier in the program I asked how many would take a trip to Rio Rancho if I told you I would pay your way, and I saw hands go up and then go half-way up again. A little sceptical. Right? I don't blame you. I might be sceptical too if I was sitting there, and if you were here. But we will pay for your trip and this is the way it works. For every acre of land that is reserved

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Martin Waskew